



6402 Arlington Boulevard
Falls Church, Virginia 22042

August 2, 2004

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Re: Docket No. R-1197 – Regulation DD Truth In Savings

Dear Ms. Johnson:

Branch Banking and Trust Company and its affiliated banks and subsidiaries of BB&T Corporation (BB&T) appreciate the opportunity to comment to the Board of Governors of the Federal Reserve System on the proposed amendments to Regulation DD.

BB&T, with more than \$97 billion in assets, is the nation's ninth largest financial holding company and operates more than 1,400 financial centers in the Carolinas, Virginia, Maryland, West Virginia, Kentucky, Tennessee, Georgia, Florida, Alabama, Indiana and Washington, D.C.

BB&T shares many of the concerns discussed in the supplementary information accompanying the proposed amendment, particularly those related to "bounced check protection" services that are advertised and otherwise promoted to consumers. Many of these programs appear to encourage consumers to overdraw their accounts, and mistakenly lead them to believe that their overdrafts will always be paid, or that they have an overdraft line of credit with their financial institution. We believe, however, that a distinction must be made between these bounced check protection services and the traditional and legally permissible practice of paying overdrafts on a discretionary basis pursuant to section 4-401 of the Uniform Commercial Code, wherein the financial institution does not promote the practice or disclose to the consumer its overdraft payment criteria. This latter practice does not imply to consumers that their overdrafts will always be paid or that they have a line of credit, and does not encourage consumers to overdraw their accounts.

We are fully supportive of the provisions of the proposed amendment that would require account opening disclosures to specify the types of transactions subject to overdraft protection fees and expand the prohibition on misleading advertisements to apply to communications to consumers about their existing services. BB&T's current account

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opening disclosures already meet the proposed requirements, and it has never been our practice to mislead any past, present or prospective clients.

We do not, however, support several other provisions in the proposed amendment. These provisions are listed below, along with comments highlighting our reasons for opposing them:

Periodic statements. Institutions that provide periodic statements would be required to include the total amount of fees imposed for overdrafts and the total amount of fees for returned items for the statement period and for the calendar year to date.

BB&T and many other institutions would incur significant costs in modifying deposit account computer systems and periodic statements to meet this requirement. These costs would likely be passed on to consumers. In addition, fees for overdrafts and for returned items are waived or refunded on a frequent basis, and reporting the totals of fees imposed would not provide a complete or accurate representation for many accounts. We believe that Regulation DD's current rules governing periodic statements are sufficient, and that the proposed additional disclosure requirements will not benefit consumers in any significant way and are not justified given the costs associated with providing the additional data.

Additional advertising disclosures. To reduce consumer confusion about the nature of the overdraft service and how it differs from a traditional line of credit, institutions that market automated overdraft payment services that are not covered by TILA would have to include in their advertisements about the service: the fee for the payment of each overdraft item, the types of transactions covered, the time period consumers have to repay or cover any overdraft, and the circumstances under which the institution would not pay an overdraft.

Typical of the banking industry, it has been BB&T's experience that the overwhelming majority of overdrawn accounts are promptly returned to a positive balance. Most depositors are anxious to quickly resolve the situation once they become aware of an overdraft. We believe that specifying in advertisements the time period consumers have for repaying or covering overdrafts would actually encourage many depositors to delay returning their accounts to a positive balance. We also believe that any disclosure of the circumstances under which an overdraft would not be paid could frequently prove difficult to effectively communicate in

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advertising and is more appropriately given at account opening along with disclosure of other features of the non-discretionary bounce protection service.

Thank you for the opportunity to provide these comments. We look forward to further discussions on this important topic.

Sincerely,

A handwritten signature in cursive script that reads "Woody Tyner". The signature is written in dark ink and is positioned above the typed name.

Marshall E. Tyner, Jr. (Woody)
Senior Vice President
(252) 246 3391